

5766
01112-1 0111:18

**ARTS and HUMANITIES COUNCIL OF
SOUTHWEST LOUISIANA
Lake Charles, Louisiana**

**Financial Statements
August 31, 2000 and 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 03/07/01

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
<i>Statements of Financial Position</i>	2
<i>Statements of Activity</i>	3
<i>Statements of Functional Expenses</i>	4
<i>Statements of Cash Flows</i>	5
<i>Notes to Financial Statements</i>	6 - 8
INDEPENDENT AUDITOR'S REPORTS ON COMPLIANCE AND INTERNAL CONTROL STRUCTURE	
Independent Auditor's Report on Compliance Based on an Audit of Financial Statements Performed in <i>Accordance With Government Auditing Standards</i> And on Internal Control Structure in Accordance With Government Auditing Standards	9
Schedule of Findings and Questioned Costs	10
Summary of Prior Year Findings	11



Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Arts and Humanities Council of
Southwest Louisiana
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of Arts and Humanities Council of Southwest Louisiana (a nonprofit organization), as of August 31, 2000 and 1999, and the statements of activity, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arts and Humanities Council of Southwest Louisiana (a nonprofit organization), as of August 31, 2000 and 1999, and the changes in its net assets and cash flows for the years then ended, in conformity with generally accepted accounting principles.

Broussard & Company

Lake Charles, Louisiana
February 8, 2001
/dk

SULPHUR OFFICE

704 First Avenue, Sulphur, Louisiana 70663
Phone: (337) 527-0010 Fax: (337) 527-0014

LAKE CHARLES OFFICE

1 Lakeshore Drive, Ste. 120, Lake Charles, Louisiana 70629
Phone: (337) 439-6600 Fax: (337) 439-6647 / (337) 310-6648

ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana
Statements of Financial Position
August 31,

	2000	1999
ASSETS		
Current Assets		
Cash	\$ 64,298	\$ 89,318
Grants receivable	10,000	15,710
Accounts receivable	5,000	1,204
Prepaid expenses	6,353	721
Inventory	1,462	635
Total Current Assets	87,113	107,588
Noncurrent Assets		
Office furniture and equipment	16,776	15,801
Accumulated depreciation	(13,470)	(10,685)
Total Noncurrent Assets	3,306	5,116
TOTAL ASSETS	\$ 90,419	\$ 112,704
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 8,652	\$ -
Regrants payable	49,941	45,448
Payroll taxes payable	1,920	1,762
Accrued payroll payable	5,890	5,893
Deferred revenue	3,750	-
Total Liabilities	70,153	53,103
Net Assets		
Unrestricted	20,266	59,601
TOTAL LIABILITIES AND NET ASSETS	\$ 90,419	\$ 112,704

ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana
Statements of Activity
For the Years Ended August 31,

	2000	1999
REVENUES AND OTHER SUPPORT		
Memberships	\$ 16,464	\$ 23,809
Contributions	3,919	255
Fund raising	27,036	11,633
Arts camp	48,446	47,190
Grants	245,758	250,758
Interest income	3,773	1,829
Special projects	5,611	7,589
Gift shop sales	11,350	7,838
Less-Gift shop costs of sales	(9,080)	(6,672)
Miscellaneous income	4,395	3,282
Total Revenue and Other Support	357,672	347,511
PROGRAM SERVICES		
Arts & Humanities Program	126,589	117,835
Decentralized Arts Program	194,632	153,385
Special projects	3,790	5,666
Total Program Services	325,011	276,886
SUPPORT SERVICES		
General and administrative	45,732	41,161
Fund raising	26,264	12,137
Total Support Services	71,996	53,298
Increase (Decrease) in Unrestricted Net Assets	(39,335)	17,327
NET ASSETS, BEGINNING	59,601	35,765
Prior period adjustment	-	6,509
NET ASSETS, BEGINNING, as restated	59,601	42,274
NET ASSETS, ENDING	\$ 20,266	\$ 59,601

ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana
Statement of Functional Expenses
Years Ended August 31,

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>2000 Total</u>	<u>1999 Total</u>
Salaries	\$ 47,951	\$ 19,918	\$ 5,902	\$ 73,771	\$ 71,357
Payroll taxes	3,770	1,566	464	5,800	5,644
Arts camp	51,352	-	-	51,352	46,194
Bank charges	-	166	-	166	251
Depreciation	-	2,785	-	2,785	2,582
Fund raising	-	-	17,996	17,996	4,769
Insurance	-	3,543	-	3,543	5,216
Legal and professional	350	3,150	-	3,500	3,420
Marketing	-	2,158	-	2,158	944
Membership/subscription	1,729	576	-	2,305	2,078
Miscellaneous	-	3,980	-	3,980	733
Panel meetings	1,682	-	-	1,682	887
Printing	6,145	342	341	6,828	4,733
Professional development	684	76	-	760	1,605
Postage	2,774	693	-	3,467	3,886
Regrants	194,632	-	-	194,632	153,385
Rent expense	-	3,600	-	3,600	3,606
Repairs and maintenance	570	342	228	1,140	1,127
Special projects	3,790	-	-	3,790	5,666
Supplies	4,000	1,334	1,333	6,667	3,728
Telephone	1,503	1,503	-	3,006	2,366
Travel	3,889	-	-	3,889	5,247
Workshop/training	190	-	-	190	760
Total Expense	\$ 325,011	\$ 45,732	\$ 26,264	\$ 397,007	\$ 330,184

ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana
Statement of Cash Flows
Years Ended August 31,

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from supporters, grants, and programs	\$ 368,643	\$ 337,269
Cash paid to employees, suppliers, and for programs	(207,297)	(192,070)
Regrants paid	(190,139)	(139,965)
Interest income	<u>3,773</u>	<u>1,829</u>
 Net Cash Provided by Operating Activities	 (25,020)	 7,063
 CASH AND CASH EQUIVALENTS		
Beginning	<u>89,318</u>	<u>82,255</u>
 Ending	 <u><u>64,298</u></u>	 <u><u>89,318</u></u>
 RECONCILIATION OF REVENUE AND OTHER SUPPORT OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase (decrease) in unrestricted net assets	(39,335)	17,327
Adjustments to reconcile changes in excess of revenue and support over expenses to net cash provided by operating activities:		
Depreciation	2,785	2,582
(Increase) in fixed assets	(975)	(1,715)
Increase (decrease) in receivables	1,914	(16,914)
(Increase) decrease in inventory	(827)	699
Decrease (increase) in prepaid expenses	(5,632)	(314)
Increase (decrease) in accounts and payroll taxes payable	8,807	(8,022)
Increase (decrease) in grants payable	4,493	13,420
Increase (decrease) in deferred revenue	<u>3,750</u>	<u>-</u>
 Net Cash Provided (Used) by Operating Activities	 \$ <u><u>(25,020)</u></u>	 \$ <u><u>7,063</u></u>

ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana
Notes to Financial Statements
August 31, 2000 and 1999

Note 1 - Organization and Purpose

The Arts and Humanities Council of Southwest Louisiana (Council), is a nonprofit corporation organized under the laws of the State of Louisiana to coordinate, undertake, promote, develop, support, encourage, advance and conduct charitable, cultural, educational, leisure time, creative, historical and artistic activities; to unite those of the community who are members of the arts, or business and industry, and of the humanitarian and educational fields in the promotion, support, development and encouragement of these activities. The Council is exempt from federal and state income taxes as a charitable organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to the Council are qualified as charitable donations.

Note 2 - Summary of Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles utilizing the accrual basis of accounting.

The Council receives much of its revenues through grants from state agencies (Louisiana Division of the Arts), and community support for arts and humanities activities. All support is considered available for unrestricted use unless specifically restricted by the donor. Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Pledges are recorded when the cash is received.

Expenses are recorded as incurred.

All financial transactions have been recorded and reported as changes to net assets (restricted and unrestricted) with identification by activity and functional categories.

Current unrestricted net assets are funds presently available for use by the Council at the discretion of the Board of Directors. If the Board specifies a purpose where none has been stated by the original donor, such funds are classified as Board designated net assets.

The Council considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Depreciation of property and equipment is provided for over the useful life of each asset based on the straight-line method of recording depreciation expense. The estimated useful lives of such assets are summarized below:

Furniture and equipment	5 - 7 years
-------------------------	-------------

ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana
Notes to Financial Statements (Continued)
August 31, 2000 and 1999

Note 2 - Summary of Significant Accounting Policies (Continued)

No amounts have been reflected in the statements for donated services because these contributed services do not meet the criteria for revenue recognition and there is not objective basis available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in the Council's program services and its fund raising activities.

Inventory is stated at the lower cost (first-in, first-out) or market value.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. With respect to the statement of activities, such prior year information is not presented by net asset class, and in the statement of functional expenses, 1999 expenses by object are presented in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended August 31, 1999, from which the summarized information was derived.

Note 4- Office Furniture and Equipment

Furniture and equipment acquisitions are capitalized at cost, if purchased, or at estimated fair market value if donated. Depreciation expense for the year ended August 31, 2000 and 1999 totaled \$2,785 and \$2,582, respectively.

Note 5 - Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs benefited and supporting activities based on management's analysis of the benefit received by supporting and program services. Direct program expenses are allocated 100% to program services.

ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana
Notes to Financial Statements (Continued)
August 31, 2000 and 1999

Note 6 - Rent Agreement

The Council occupies its operating facility in rent free space donated by a supporter. This in-kind contribution is not reflected in the financial statements. As a part of this agreement, the Council collects rent from tenants in the building and remits the rents to the owner. Total rents collected and remitted during fiscal year August 31, 2000 was \$104,999.

Note 7 - Contingencies

The Council receives a significant portion of its revenue from local and State grants which are subject to final review and approval by the respective grantor agencies as to allowability of expenditures. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the grantor agency and the Council. It is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would affect the Council's financial position.

Note 8 - Economic Dependency

As noted above, the Council receives much of its revenue from funds provided through grants administered by State agencies. The underlying funding is appropriated each year by the State government. If significant budget cuts are made at the State level, the amount of funding the Council receives could be reduced significantly and have an adverse impact on the Council's operations.

Note 9 - Prior Period Adjustment

An error, resulting in the overstatement of accounts payable of rents, was corrected in 2000 resulting in a reduction of 1999 accounts payable and net assets of \$6,509.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Arts and Humanities Council of
Southwest Louisiana
Lake Charles, Louisiana

We have audited the financial statements of the Arts and Humanities Council of Southwest Louisiana as of and for the years ended August 31, 2000 and 1999, and have issued our report thereon dated February 8, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Arts and Humanities Council of Southwest Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Arts and Humanities Council of Southwest Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Arts and Humanities Council of Southwest Louisiana, the Legislative Auditor of the State of Louisiana, and the Department of Culture, Recreation & Tourism and is not intended to be and should not be used by anyone other than these specified parties.

Bransard & Company

Lake Charles, Louisiana
February 8, 2001
/dk

ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2000

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on general purpose financial statements.
2. The audit did not disclose any reportable conditions in internal control.
3. The audit did not disclose any noncompliance which is material to the financial statements.

ARTS and HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA
Lake Charles, Louisiana
Summary of Prior Year Findings
For the Year Ended August 31, 2000

A. None disclosed per audit.